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WORLD REPORT

Drug king? Spy? Not I, says General Noriega

Is Panama run by a military 'Mafia'?

Panama ■ While Ronald Reagan was busy winning aid for Nicaraguan rebels from Congress, alarms began ringing over Panama and the canal that makes it a key strategic concern of the U.S.

Together, the canal and U.S. military bases here mean the American stake in Panama is greater than in all the rest of Central America combined. Indeed, anxiety about canal security is part of the reason for U.S. concern about Marxist control of Nicaragua. Yet many things about Panama are turning sour at once.

Panama's de facto ruler, military strong man Gen. Manuel Noriega, is accused of drug trafficking and laundering of drug money, arms smuggling and spying for Cuba. These charges have followed those alleging more-common regional sins such as election rigging and political intimidation. The country's fifth President in as many years, Eric Arturo Delvalle, is widely regarded as little more than a complaisant front man for Noriega. Unemployment, inequality, economic stagnation and huge foreign debts are creating what one U.S. diplomat warns is a "time bomb waiting to go off."

In Washington, demands are growing that Reagan "do something" about Panama—especially about Noriega—though no one seems certain exactly what. Behind the agitation is concern that popular resentment in Panama could fuel the same kinds of leftist upheaval that brought Fidel Castro to power in Cuba and the Sandinistas to power in Nicaragua.

If prolonged, the furor could revive the tensions that were supposed to disappear under treaties transferring control of the canal to Panama by the year 2000. For seven years, the transition moved calmly. A respected pro-U.S. economist, Nicolás Ardito Barletta, was elected President of Panama in 1984. Though there were strong suspicions that Noriega had stolen the elec-

tion for Barletta, the preceding campaign was unusual in that *los gringos* and American control of the canal were not bitter issues. Panama's military chiefs, including Noriega, appeared to be withdrawing slowly from domination of politics and the economy.

Serious trouble began last September when Barletta was forced to resign. He apparently had pushed too hard for an investigation into the brutal murder of Dr. Hugo Spadafora, a colorful political activist and persistent critic of Noriega's rule. Spadafora was last seen alive in the custody of troops from the Panama Defense Force, as the nation's military, which Noriega commands, is officially called.

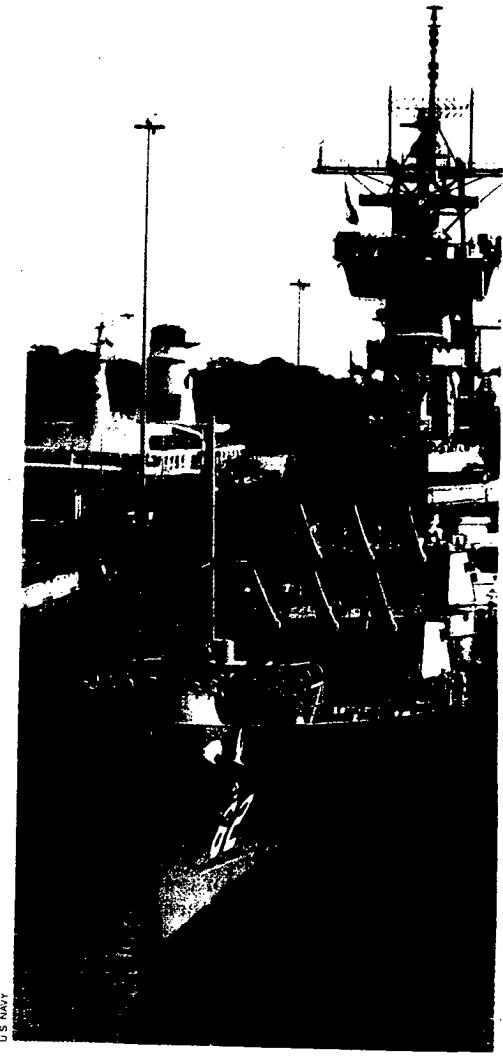
Then came the recent series of reports—clearly leaked by high-level Washington sources—about the general's alleged misdeeds. For many Americans,

all this rekindled doubts about the kind of government that is taking over the canal. That, White House aides complain, is precisely the goal of conservative officials and lawmakers who seek to advance their "different agenda" by reviving charges that go back to the early 1970s.

Whatever their agenda, a number of U.S. policymakers are worried about handing canal operations over to a poverty-stricken, politically unstable nation. Skeptics fear that Panama's military chiefs are mainly interested in operating a

Mafia-style racketeering network to enrich themselves and their friends. By that assessment, the huge cash flow generated by the canal might prove an irresistible temptation without major reform of Panama's endemic corruption and cronyism.

"We want to turn the canal over to a viable, stable democracy, not a bunch of corrupt drug runners," fumes Jim Lucier, a key aide to Senator Jesse Helms (R-N.C.). Helms has been a leading critic of Noriega and the canal treaties. "There's tremendous congressional concern, particularly about Gen-



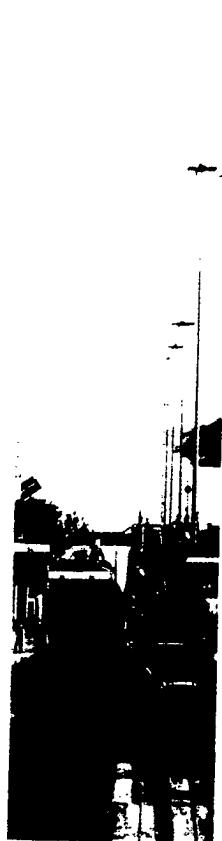
eral Noriega," adds Representative Mike Lowry (D-Wash.), whose Merchant Marine subcommittee plans hearings on the canal later this summer. If narcotics charges against Panamanian military chiefs are proven, says Lowry, "we'd be talking about withholding dollars from one of our long-time friends. Congress is pretty serious about drugs."

Noriega seems unworried by the headlines and hot words. In an interview with *U.S. News & World Report*, he brushed aside suggestions that the Reagan administration may be turning against him. "It doesn't suit President Reagan's strategic plan," he said confidently. "Panama must remain a positive partner, acting in favor of American interests and not in confrontations." The general dismisses critical reports in the U.S. press as the product of a conspiracy among "bad Panamanians" and "ultra-rightist forces" in Washington who hope to overturn the treaties.



**Senator Helms claims
Noriega is corrupt**

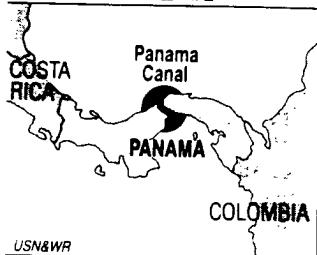
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General Noriega holds final power

ONE REASON THE CANAL WORRIES SO MANY

The battleship U.S.S. *New Jersey* passes through the Gatun Locks of the Panama Canal, with a cruise ship in the background. Quick passage for Navy vessels between the Atlantic and the Pacific, avoiding the long trip around South America, is a principal concern of the United States, as the slow transition to full Panamanian control of the canal continues. The treaties under which the U.S. agreed to give up most of its rights were hotly argued and remain among the most controversial acts of the Carter administration.



USN&WR

However, Panamanian military sources say that privately the general is angry about the stories. He reportedly is furious most of all about what he sees as "betrayal" by the U.S. Central Intelligence Agency, with which he has had close ties for many years.

There are strong practical and political reasons for Noriega's confidence. Foreign diplomats and local analysts believe that he eventually will be damaged by the steadily mounting accusations. With time, he might have to step aside—especially if a less controversial replacement can be found—to maintain U.S. aid that this year totals \$31.2 million. But for now there is no serious threat to his authority.

Political opposition forces are badly divided and poorly organized, lacking ties to influential labor and student groups. Panamanian citizens are highly reluctant to take to the streets to force change, as happened in Haiti and the Philippines.

A recent opposition rally drew only a few hundred protesters. This is partly because of fear of repression. But there is a more important deterrent: The military-run regime provides one fourth of all jobs, and government critics risk losing their paychecks.

By most estimates, Washington will remain committed to the security of the 50-mile-long "big ditch." Primary U.S. responsibility for canal security expires in 1999. But any American President almost certainly would use force to thwart a real threat under treaty terms guaranteeing permanent neutrality of the canal.

The official position in Washington is to condemn strongly the offenses Noriega is accused of committing, especially drug running. But administration spokesmen insist that all reports they have so far about his involvement—although admittedly voluminous—are "hearsay, circumstantial or speculative."

For obvious political reasons, Washington does not want to chastise authoritarianism in Panama while portraying Nicaragua as the only nondemocratic regime in the region. Finally, there is no official enthusiasm for what many see as a no-win contest with an opponent who can hit back painfully.

Washington could easily halt U.S. training of Panama's armed forces, for example. But Noriega could just as easily end or reduce his country's role as home of the biggest, most important U.S. military outpost in all Latin America. More than 9,000 American troops are stationed in Panama, which is headquarters for the Army's Southern Command. SouthCom's security responsibilities stretch from Mexico's southern border to the tip of Chile. U.S. base rights in Panama run out at the end of 1999, but they could be extended if relations between the two nations remain reasonably warm.

Administration strategy apparently calls for waiting to see if the furor subsides. It may. But even if the alarm bells now ringing fall silent for a while, they could ring again more loudly as the year 2000 draws nearer. ■

THE 'BIG DITCH'

Politics aboil, waters calm

Seven years into the treaties of transition for the Panama Canal, little has changed for the 30-odd ships that navigate the strategic waterway every day.

It is still early in the gradual process by which the U.S. is turning the 70-year-old, 50-mile canal over to Panama. By the year 2000, the U.S. is committed to yield the last vestige of administration. For now, transition and traffic run smoothly.

Through a binational Panama Canal Commission, the two nations share responsibility for what once was called the "big ditch" linking the oceans. Business has rarely been better. An oil pipeline parallel to the canal has cut the traffic of tankers. But expansion of world trade generally has meant an increase in overall tonnage. In the past eight months, some 124 million tons of goods went through the locks in 8,100 ships—an increase of more than 10 percent over the same period a year earlier. In fiscal 1985, 68 percent of the cargo moved either to or from the U.S., including 13.4 percent of all U.S. seaborne trade.

Already, more than 80 percent of the 8,000 canal employees are Panamanian. Some 1,300 Americans still perform key tasks, such as piloting ships through locks so narrow that minor errors in navigation can result in major damage to vessels or to the canal itself. In time, Panamanians also will take over most of those jobs.

The next stage comes in 1990, when a Panamanian is to become head of the commission. Dennis McAuliffe, the American now in charge, says he is confident Panamanians can do the job. But many experts worry that Panama's planning for the takeover is lagging. They worry also that historic Panamanian cronyism will prevail, dumping trained personnel in favor of political friends, a fate that already has befallen the country's ports and railroad, which have been taken over from the U.S.

J by Carla Anne Robbins with
Washington bureau reports